
SENATE BILL No. 340

DIGEST OF INTRODUCED BILL

Citations Affected: IC 20-5-2-2; IC 20-5.5.

Synopsis: Charter school budget review. Requires a charter school to submit its budget to the school board for review and approval. Provides that before a charter school may receive funding a school board must approve the charter school's budget. Makes conforming amendments.

Effective: July 1, 2002.

Mrvan

January 8, 2002, read first time and referred to Committee on Education.

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Introduced

Second Regular Session 112th General Assembly (2002)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2001 General Assembly.

SENATE BILL No. 340

A BILL FOR AN ACT to amend the Indiana Code concerning education finance.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 20-5-2-2, AS AMENDED BY P.L.286-2001,
2 SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2002]: Sec. 2. In carrying out the school purposes of each
4 school corporation, its governing body acting on its behalf shall have
5 the following specific powers:

6 (1) In the name of the school corporation, to sue and be sued and
7 to enter into contracts in matters permitted by applicable law.

8 (2) To take charge of, manage, and conduct the educational affairs
9 of the school corporation and to establish, locate, and provide the
10 necessary schools, school libraries, other libraries where
11 permitted by law, other buildings, facilities, property, and
12 equipment therefor.

13 (2.5) To appropriate from the general fund an amount, not to
14 exceed the greater of three thousand dollars (\$3,000) per budget
15 year or one dollar (\$1) per pupil, not to exceed twelve thousand
16 five hundred dollars (\$12,500), based upon the school
17 corporation's previous year's average daily membership (as

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defined in IC 21-3-1.6-1.1) for the purpose of promoting the best interests of the school corporation by:

(A) the purchase of meals, decorations, memorabilia, or awards;

(B) provision for expenses incurred in interviewing job applicants; or

(C) developing relations with other governmental units.

(3) To acquire, construct, erect, maintain, hold, and to contract for such construction, erection, or maintenance of such real estate, real estate improvements, or any interest in either, as the governing body deems necessary for school purposes, including but not limited to buildings, parts of buildings, additions to buildings, rooms, gymnasiums, auditoriums, playgrounds, playing and athletic fields, facilities for physical training, buildings for administrative, office, warehouse, repair activities, or housing of school owned buses, landscaping, walks, drives, parking areas, roadways, easements and facilities for power, sewer, water, roadway, access, storm and surface water, drinking water, gas, electricity, other utilities and similar purposes, by purchase, either outright for cash (or under conditional sales or purchases money contracts providing for a retention of a security interest by seller until payment is made or by notes where such contract, security retention, or note is permitted by applicable law), by exchange, by gift, by devise, by eminent domain, by lease with or without option to purchase, or by lease under IC 21-5-10, IC 21-5-11, or IC 21-5-12. To repair, remodel, remove, or demolish any such real estate, real estate improvements, or interest in either, as the governing body deems necessary for school purposes, and to contract therefor. To provide for energy conservation measures through utility energy efficiency programs or under a guaranteed energy savings contract as described in IC 36-1-12.5.

(4) To acquire such personal property or any interest therein as the governing body deems necessary for school purposes, including but not limited to buses, motor vehicles, equipment, apparatus, appliances, books, furniture, and supplies, either by outright purchase for cash, or under conditional sales or purchase money contracts providing for a security interest by the seller until payment is made or by notes where such contract, security, retention, or note is permitted by applicable law, by gift, by devise, by loan, or by lease with or without option to purchase and to repair, remodel, remove, relocate, and demolish such personal property. All purchases and contracts delineated under the powers

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given under subdivision (3) and this subdivision shall be subject solely to applicable law relating to purchases and contracting by municipal corporations in general and to the supervisory control of agencies of the state as provided in section 3 of this chapter.

(5) To sell or exchange any of such real or personal property or interest therein, which in the opinion of the governing body is not necessary for school purposes, in accordance with IC 20-5-5, to demolish or otherwise dispose of such property if, in the opinion of the governing body, it is not necessary for school purposes and is worthless, and to pay the expenses for such demolition or disposition.

(6) To lease any school property for a rental which the governing body deems reasonable or to permit the free use of school property for:

(A) civic or public purposes; or

(B) the operation of a school age child care program for children aged five (5) through fourteen (14) years that operates before or after the school day, or both, and during periods when school is not in session;

if the property is not needed for school purposes. Under this subdivision, the governing body may enter into a long term lease with a nonprofit corporation, community service organization, or other governmental entity, if the corporation, organization, or other governmental entity will use the property to be leased for civic or public purposes or for a school age child care program. However, if the property subject to a long term lease is being paid for from money in the school corporation's debt service fund, then all proceeds from the long term lease shall be deposited in that school corporation's debt service fund so long as the property has not been paid for. The governing body may, at its option, use the procedure specified in IC 36-1-11-10 in leasing property under this subdivision.

(7) To employ, contract for, and discharge superintendents, supervisors, principals, teachers, librarians, athletic coaches (whether or not they are otherwise employed by the school corporation and whether or not they are licensed under IC 20-6.1-3), business managers, superintendents of buildings and grounds, janitors, engineers, architects, physicians, dentists, nurses, accountants, teacher aides performing noninstructional duties, educational and other professional consultants, data processing and computer service for school purposes, including but not limited to the making of schedules, the keeping and

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analyzing of grades and other student data, the keeping and preparing of warrants, payroll, and similar data where approved by the state board of accounts as provided below, and such other personnel or services, all as the governing body considers necessary for school purposes. To fix and pay the salaries and compensation of such persons and such services. To classify such persons or services and to adopt schedules of salaries or compensation. To determine the number of such persons or the amount of services thus employed or contracted for. To determine the nature and extent of their duties. The compensation, terms of employment, and discharge of teachers shall, however, be subject to and governed by the laws relating to employment, contracting, compensation, and discharge of teachers. The compensation, terms of employment, and discharge of bus drivers shall be subject to and shall be governed by any laws relating to employment, contracting, compensation, and discharge of bus drivers. The forms and procedures relating to the use of computer and data processing equipment in handling the financial affairs of such school corporation shall be submitted to the state board of accounts for approval to the end that such services shall be used by the school corporation when the governing body determines that it is in the best interests of the school corporation while at the same time providing reasonable accountability for the funds expended.

(8) Notwithstanding the appropriation limitation in subdivision (2.5), when the governing body by resolution deems a trip by an employee of the school corporation or by a member of the governing body to be in the interest of the school corporation, including but not limited to attending meetings, conferences, or examining equipment, buildings, and installation in other areas, to permit such employee to be absent in connection with such trip without any loss in pay and to refund to such employee or to such member his reasonable hotel and board bills and necessary transportation expenses. To pay teaching personnel for time spent in sponsoring and working with school related trips or activities. (9) To transport children to and from school, when in the opinion of the governing body such transportation is necessary, including but not limited to considerations for the safety of such children and without regard to the distance they live from the school, such transportation to be otherwise in accordance with the laws applicable thereto.

(10) To provide a lunch program for a part or all of the students

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1 attending the schools of the school corporation, including but not
 2 limited to the establishment of kitchens, kitchen facilities, kitchen
 3 equipment, lunch rooms, the hiring of the necessary personnel to
 4 operate such program, and the purchase of any material and
 5 supplies therefor, charging students for the operational costs of
 6 such lunch program, fixing the price per meal or per food item. To
 7 operate such lunch program as an extracurricular activity, subject
 8 to the supervision of the governing body. To participate in any
 9 surplus commodity or lunch aid program.

10 (11) To purchase textbooks, to furnish them without cost or to
 11 rent them to students, to participate in any textbook aid program,
 12 all in accordance with applicable law.

13 (12) To accept students transferred from other school corporations
 14 and to transfer students to other school corporations in accordance
 15 with applicable law.

16 (13) To levy taxes, to make budgets, to appropriate funds, and to
 17 disburse the money of the school corporation in accordance with
 18 the laws applicable thereto. To borrow money against current tax
 19 collections and otherwise to borrow money, in accordance with
 20 IC 20-5-4.

21 (14) To purchase insurance or to establish and maintain a
 22 program of self-insurance relating to the liability of the school
 23 corporation or its employees in connection with motor vehicles or
 24 property and for any additional coverage to the extent permitted
 25 and in accordance with IC 34-13-3-20. To purchase additional
 26 insurance or to establish and maintain a program of self-insurance
 27 protecting the school corporation and members of the governing
 28 body, employees, contractors, or agents of the school corporation
 29 from any liability, risk, accident, or loss related to any school
 30 property, school contract, school or school related activity,
 31 including but not limited to the purchase of insurance or the
 32 establishment and maintenance of a self-insurance program
 33 protecting such persons against false imprisonment, false arrest,
 34 libel, or slander for acts committed in the course of their
 35 employment, protecting the school corporation for fire and
 36 extended coverage and other casualty risks to the extent of
 37 replacement cost, loss of use, and other insurable risks relating to
 38 any property owned, leased, or held by the school corporation. To:

39 (A) participate in a state employee health plan under
 40 IC 5-10-8-6.6;

41 (B) purchase insurance; or

42 (C) establish and maintain a program of self-insurance;

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1 to benefit school corporation employees, which may include
 2 accident, sickness, health, or dental coverage, provided that any
 3 plan of self-insurance shall include an aggregate stop-loss
 4 provision.

5 (15) To make all applications, to enter into all contracts, and to
 6 sign all documents necessary for the receipt of aid, money, or
 7 property from the state government, the federal government, or
 8 from any other source.

9 (16) To defend any member of the governing body or any
 10 employee of the school corporation in any suit arising out of the
 11 performance of his duties for or employment with, the school
 12 corporation, provided the governing body by resolution
 13 determined that such action was taken in good faith. To save any
 14 such member or employee harmless from any liability, cost, or
 15 damage in connection therewith, including but not limited to the
 16 payment of any legal fees, except where such liability, cost, or
 17 damage is predicated on or arises out of the bad faith of such
 18 member or employee, or is a claim or judgment based on his
 19 malfeasance in office or employment.

20 (17) To prepare, make, enforce, amend, or repeal rules,
 21 regulations, and procedures for the government and management
 22 of the schools, property, facilities, and activities of the school
 23 corporation, its agents, employees, and pupils and for the
 24 operation of its governing body, which rules, regulations, and
 25 procedures may be designated by any appropriate title such as
 26 "policy handbook", "bylaws", or "rules and regulations".

27 (18) To ratify and approve any action taken by any member of the
 28 governing body, any officer of the governing body, or by any
 29 employee of the school corporation after such action is taken, if
 30 such action could have been approved in advance, and in
 31 connection therewith to pay any expense or compensation
 32 permitted under IC 20-5-1 through IC 20-5-6 or any other law.

33 (19) To exercise any other power and make any expenditure in
 34 carrying out its general powers and purposes provided in this
 35 chapter or in carrying out the powers delineated in this section
 36 which is reasonable from a business or educational standpoint in
 37 carrying out school purposes of the school corporation, including
 38 but not limited to the acquisition of property or the employment
 39 or contracting for services, even though such power or
 40 expenditure shall not be specifically set out herein. The specific
 41 powers set out in this section shall not be construed to limit the
 42 general grant of powers provided in this chapter except where a

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1 limitation is set out in IC 20-5-1 through IC 20-5-6 by specific
2 language or by reference to other law.

3 **(20) To review and, in its discretion, approve a budget**
4 **submitted under IC 20-5.5-7-9 by a charter school.**

5 SECTION 2. IC 20-5.5-4-1, AS ADDED BY P.L.100-2001,
6 SECTION 21, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
7 JULY 1, 2002]: Sec. 1. A charter must do the following:

- 8 (1) Be a written instrument.
- 9 (2) Be executed by a sponsor and an organizer.
- 10 (3) Confer certain rights, franchises, privileges, and obligations
11 on a charter school.
- 12 (4) Confirm the status of a charter school as a public school.
- 13 (5) Be granted for:
 - 14 (A) not less than three (3) years; and
 - 15 (B) a fixed number of years agreed to by the sponsor and the
16 organizer.
- 17 (6) Provide for:
 - 18 (A) a review by the sponsor of the charter school's
19 performance, including the progress of the charter school in
20 achieving the academic goals set forth in the charter, at least
21 one (1) time in each five (5) year period while the charter is in
22 effect; and
 - 23 (B) renewal, if the sponsor and the organizer agree to renew
24 the charter.
- 25 (7) Specify the grounds for the sponsor to:
 - 26 (A) revoke the charter before the end of the term for which the
27 charter is granted; or
 - 28 (B) not renew a charter.
- 29 (8) Set forth the methods by which the charter school is held
30 accountable for achieving the educational mission and goals of
31 the charter school, including the following:
 - 32 (A) Evidence of improvement in assessment measures,
33 including ISTEP and Graduation Qualifying Exam, attendance
34 rates, graduation rates (if appropriate), increased numbers of
35 Core 40 diplomas (if appropriate), and increased numbers of
36 academic honors diplomas (if appropriate).
 - 37 (B) Evidence of progress toward reaching the educational
38 goals set by the organizer.
- 39 (9) Describe the method to be used to monitor the charter
40 school's:
 - 41 (A) compliance with applicable law; and
 - 42 (B) performance in meeting targeted educational performance.

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(10) Specify that the sponsor and the organizer may amend the charter during the term of the charter by mutual consent and describe the process for amending the charter.

(11) Describe specific operating requirements, including all of the matters set forth in the application for the charter.

(12) Specify a date when the charter school will:

(A) begin school operations; and

(B) have students in attendance at the charter school.

(13) Specify that records of a charter school relating to the school's operation and charter are subject to inspection and copying to the same extent that records of a public school are subject to inspection and copying under IC 5-14-3.

(14) Specify that records provided by the charter school to the department or sponsor that relate to compliance by the operator with the terms of the charter or applicable state or federal laws are subject to inspection and copying in accordance with IC 5-14-3.

(15) Specify that the charter school is subject to the requirements of IC 5-14-1.5.

(16) Provide that, absent approval under IC 20-5-2-2(20) of the charter school's budget by the charter school's governing body, the charter school may not receive the distribution under IC 20-5.5-7-3.

SECTION 3. IC 20-5.5-7-3, AS ADDED BY P.L.100-2001, SECTION 21, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 3. (a) Not later than the date established by the department for determining average daily membership under IC 21-3-1.6-1.1(d), the organizer shall submit to the department the following information:

(1) The number of students enrolled in the charter school.

(2) The name of each student and the school corporation in which the student resides.

(b) After verifying the accuracy of the information reported under subsection (a), the department shall distribute the following to the organizer:

(1) Tuition support and other state funding for any purpose for students in the charter school.

(2) A proportionate share of state and federal funds received for students with disabilities or staff services for students with disabilities for the students with disabilities enrolled in the charter school.

(3) A proportionate share of funds received under federal or state categorical aid programs for students who are eligible for the

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1 federal or state aid enrolled in the charter school.

2 (c) Not later than the date established by the department for
3 determining average daily membership under IC 21-3-1.6-1.1(d), the
4 organizer shall submit to each governing body a report of the total
5 number and names of students from the governing body's school
6 corporation enrolled in the charter school. Upon verifying the accuracy
7 of the information reported **and subject to section 9 of this chapter**,
8 the governing body shall distribute to the organizer a proportionate
9 share of local support for the students enrolled in the charter school in
10 an amount determined under STEP THREE of the following formula:

11 STEP ONE: Add the revenues obtained by the school
12 corporation's:

13 (A) general fund property tax levy; and

14 (B) general fund auto excise and financial institutions tax.

15 STEP TWO: Divide the sum determined under STEP ONE by the
16 total number of students enrolled in the school corporation.

17 STEP THREE: Multiply the quotient determined under STEP
18 TWO by the number of students enrolled in the charter school.

19 (d) **Subject to section 9 of this chapter**, the distribution under
20 subsection (b) shall be made on the same schedule as the schedule on
21 which the school corporation receives the funds.

22 SECTION 4. IC 20-5.5-7-9 IS ADDED TO THE INDIANA CODE
23 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
24 1, 2002]: **Sec. 9. (a) Not less than thirty (30) days before a school**
25 **corporation meets to fix its budget for the ensuing budget year**
26 **under IC 6-1.1-17-5, a charter school shall submit its budget for the**
27 **ensuing budget year to the governing body of the school**
28 **corporation for review under IC 20-5-2-2.**

29 (b) **Not more than sixty (60) days after the charter school**
30 **submits its budget to the governing body under subsection (a), the**
31 **governing body may approve the charter school's budget.**

32 (c) **If the governing body approves the charter school's budget**
33 **under subsection (b), the charter school shall receive the**
34 **distribution under section 3 of this chapter.**

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